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17 NOV 1981

MEMORANDUM FOR THE RECORD

SUBJECT: MacFarlane Group Meeting on 16 November 1981

1. The MacFarlane Group on Libya met from 1630-1730 hours on 16 November 1981.

2. Distributed at the meeting were two papers (attached):

a. A summary paper forwarding options for consideration by the principals at a SIG.

b. A supplement on the informational dimension, i.e., how to promote the decisions taken at the SIG.

3. MacFarlane asked for criticism of the paper by 17 November (NIO/NESA and NFAC have been asked for comments.) MacFarlane also suggested that Commerce, Energy, Justice and Treasury be asked to comment on pp 1-7 of the summary paper (they will not receive the rest of the paper). This was agreed.

4. The option of increasing economic assistance to the states threatened by Libya (option 5, p.8) may be lifted out and treated as a separate problem.

5. MacFarlane expects that a SIG will be held on 19 or 20 November, followed by an NSC meeting next week. He acknowledged that the options paper emphasized the positive aspects of exercising the various options rather than stressing the downsides. This was as the result of direct guidance by Secretary Haig. The latter's position is that it is necessary to remove the inconsistency, i.e., shouting out against Qadhafi while in effect subsidizing him with the left hand.

6. There was considerable sentiment expressed by State representatives against the option of an embargo on U.S. exports to Libya (MacFarlane stated that this would touch all goods and services less food and medical supplies but would not include a freezing of assets). Two other economic action options, i.e., withdrawal of Americans from Libya and a boycott on Libyan oil imported into the U.S., do not run us into problems with our European allies as would an embargo on the export of U.S. goods to Libya.

State Dept. review completed

[Redacted]

Chief, Near East and South Asia Division

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Attachment: As stated

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Orig: DDO/CNE/

[Redacted Box]

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Distribution:

Orig - Routed ADDO/DDO/DDCI/DCI for info (w/att)

- 1 - NIO/NESA w/att
- 1 - D/NFAC w/att
- 1 - C/NE w/o att
- 1 - CNE/NA w/o att
- 1 - NE/NA/L w/att

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